

Message Text

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PAGE 01 MTN GE 00630 311351Z

14

ACTION STR-04

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ACTION STR PASS AGRICULTURE, H PASS CODEL

E.O. 11652: N/A

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SUBJECT: AGRICULTURE IN THE MENT - STRATEGY FOR 1976

1. U.S. MTN DEL SUBMITS FOLLOWING COMMENTS ON STRATEGY FOR CONDUCT OF AGRICULTURAL NEGOTIATIONS IN 1976 BASED UPON INTERNAL DELIBERATIONS AND RECENT DISCUSSIONS WITH FRASER AND STARKEY. WE ADDRESS MATTERS OF BROAD STRATEGY TO ENSURE THAT TACTICAL STEPS WE TAKE ON SPECIFIC ISSUES ARE CONSISTENT WITH A COHERENT OVERALL APPROACH. THIS MESSAGE CLEARED BY AMB. WALKER BEFORE HIS DEPARTURE FOR ROME TODAY.

2. GENERAL: WE ASSUME THAT 1976 IS NOT THE YEAR FOR RESOLUTION OF BASIC AGRICULTURAL ISSUES BETWEEN THE U.S. AND EITHER THE EC OR JAPANESE. THEREFORE WE SEE OUR OBJECTIVES FOR THE UPCOMING YEAR AS FOLLOWS:

(A) TO AVOID NEGOTIATING STANCES - PARTICULARLY IN MULTI-LATERAL FORA - WHICH ACCENTUATE OUR DIFFERENCES OF VIEW WITH OTHER TRADING PARTNERS. IN PARTICULAR, THIS MEANS SEEKING TO

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PAGE 02 MTN GE 00630 311351Z

MINIMIZE OPEN CONFLICT WITH THE EC;

(B) TO CONDUCT AS MUCH PREPARATORY WORK AS POSSIBLE TO LAY THE GROUNDWORK FOR COMPLETING THE NEGOTIATIONS IN 1977. THIS MEANS MORE SPECIFIC IDENTIFICATION OF PARTICULAR OBJECTIVES WHICH THE U.S. SEEKS IN AGRICULTURAL TRADE.

CAPSULIZED IN ONE SENTENCE, WE SEE OUR OBJECTIVE THIS YEAR AS SEEKING TO ACCOMPLISH AS MUCH AS WE CAN WITHOUT COMPROMISING ANY BASIC U.S. INTEREST AND WITHOUT CREATING UNNECESSARY MULTILATERAL CONFLICT. WE SUBMIT THE FOLLOWING SUGGESTIONS FOR IMPLEMENTING THIS APPROACH.

3. GROUP AGRICULTURE. AS A RESULT OF THE DECEMBER U.S./EC COMPROMISE A WORK PROGRAM HAS BEEN AGREED FOR GROUP AGRICULTURE FOR PRODUCTS OTHER THAN THOSE BEING COVERED BY THE THREE SUBGROUPS. THIS WORK PROGRAM, WHICH PROVIDES FOR NOTIFICATIONS AND BILATERAL CONSULTATIONS, IS COMPATIBLE WITH OUR OBJECTIVES IN 1976. WE SHOULD THEREFORE MAKE AN EFFORT TO SUBMIT NOTIFICATIONS AS SOON AS POSSIBLE TO:

- DEMONSTRATE OUR INTEREST IN MOVING THE AGRICULTURAL NEGOTIATIONS FORWARD AND ADVANCING U.S. AGRICULTURAL TRADING OBJECTIVES;

- BEGIN TO IDENTIFY SPECIFIC AREAS OF U.S. INTEREST THROUGH THE BILATERAL CONSULTATION PROCESS AS A PRELUDE TO LATER TABLING OF U.S. REQUESTS. THIS WOULD SEEM TO BE PARTICULARLY IMPORTANT VIS A VIS THE EC TO COUNTERACT THE FRENCH ARGUMENT THAT THE U.S. IS OUT TO DESTROY THE CAP;

- ENSURE THAT GROUP AGRICULTURE DOES NOT PRINCIPALLY BECOME AN LDC GROUP;

- SHIFT THE FOCUS OF GROUP AGRICULTURE'S WORK DURING THE NEXT FEW MONTHS FROM MULTILATERAL TO BILATERAL, THUS REDUCING THE NEED FOR RHETORICAL EXCHANGES AND THE POSSIBILITY OF CONFRONTATION;

- IMPLEMENT THE REPORTING PROCEDURES WHICH WERE AN ESSENTIAL FEATURE OF THE PROCEDURAL QUOTE LINKS UNQUOTE AGREED WITH THE EC IN DECEMBER.

4. TO BRING THIS ABOUT, WE URGE THAT USDA ACCELERATE WORK NOW UNDERWAY TO IDENTIFY SPECIFIC ITEMS OF INTEREST TO U.S. AGRICULTURE SO THAT THE U.S. CAN BEGIN TO TABLE NOTIFICATIONS WITHIN THE NEXT 4-6 WEEKS. SINCE THE U.S. HAS ALREADY SUBLIMITED OFFICIAL USE

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PAGE 03 MTN GE 00630 311351Z

MITTED NOTIFICATIONS ON QR'S IN THE QR SUBGROUP, THIS EFFORT SHOULD FOCUS INITIALLY ON OTHER NTM'S NOT PRESENTLY BEING CONSIDERED IN FUNCTIONAL GROUPS INCLUDING STATE TRADING, MINIMUM IMPORT PRICES, AND PERHAPS DISCRIMINATORY HEALTH AND SANITARY BARRIERS TO THE EXTENT THESE ARE NOT BEING ADEQUATELY TREATED ELSEWHERE. DEPENDING ON PROGRESS IN THE FUNCTIONAL GROUPS (TARIFFS, SUBSIDIES, ETC.) TARIFF AND SUBSIDY MEASURES CAN BE NOTIFIED IN LATER SUBMISSIONS. WE VIEW THIS NOTIFICATION

AND CONSULTATION EFFORT AS A CONTINUING PROCESS THAT SHOULD BEGIN PROMPTLY AND EXTEND INTO THE FALL.

5. GRAINS SUBGROUP. BECAUSE OF THE POLITICAL SENSITIVITY OF THE GRAINS ISSUE -- U.S. FARMERS AND THE ADMINISTRATION ARE STRONGLY OPPOSED TO ANY TYPE OF INTERFERENCE OR INTERVENTION IN THE MARKETPLACE -- WE WOULD PREFER THAT NO MORE MEETINGS OF THE GRAINS SUBGROUP BE SCHEDULED UNTIL FALL. WE RECOGNIZE, HOWEVER, THAT THIS MAY NOT BE POSSIBLE BECAUSE OF THE NEED OF THE EC AND TO A LESSER DEGREE OTHER GRAIN TRADING COUNTRIES TO SHOW ACTIVITY IN THIS AREA. THEREFORE IT MAY BE IMPOSSIBLE TO AVOID ANOTHER MEETING IN MAY OR JUNE. U.S. STRATEGY IN GRAINS SHOULD TAKE ACCOUNT OF BOTH CONTINGENCIES. FOR THIS PURPOSE, WE SUGGEST THAT THE U.S. COULD AGREE TO A MEETING IN MAY OR JUNE IN WHICH EQUAL TIME WOULD BE ALLOTTED TO EACH OF THE THREE AREAS OF CONCERN IDENTIFIED BY THE SUBGROUP: PRICE STABILIZATION, TRADE LIBERALIZATION AND LDC INTERESTS. THIS WOULD PERMIT BALANCED CONSIDERATION OF ALL THREE AREAS AND WOULD EFFECTIVELY COUNTER EC CHARGES THAT THE U.S. HAS NOT BEEN WILLING TO ENGAGE IN SERIOUS DISCUSSION OF THEIR PRICE STABILIZATION PROPOSAL. WE WOULD SEEK PRIOR AGREEMENT BILATERALLY WITH THE EC AND OTHER MAJOR PARTICIPANTS (I.E. CANADA, AUSTRALIA, ARGENTINA AND JAPAN) ON THE OBJECTIVES AND HANDLING OF THE MEETING AS WELL AS AGREEMENT TO IMPLEMENT AN INFORMAL PROCEDURE FOR BILATERAL CONSULTATIONS IN THE GRAINS AREA TO PROVIDE A WORK PROGRAM FOR THE INTERVENING FOUR MONTHS. WE SHOULD ALSO BEGIN TO FOCUS ON FURTHER ACTIVITIES WHICH COULD BE UNDERTAKEN BILATERALLY OR PLURILATERALLY -- E.E. OUTSIDE OF FORMAL MULTILATERAL MEETINGS -- TO BRIDGE THE GAP BETWEEN THIS MEETING AND THE NEXT ONE WHICH WE HOPE WOULD BE LATE IN THE FALL.

6. MEAT AND DAIRY SUBGROUPS. WE ARE NOT THE DEMANDEURS IN THESE LIMITED OFFICIAL USE

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PAGE 04 MTN GE 00630 311351Z

SUBGROUPS AND THEY ARE CORRESPONDINGLY LESS SENSITIVE. MTN DEL SUGGESTS THAT OUR EFFORTS IN THESE GROUPS SHOULD BE ESSENTIALLY DEFENSIVE, AIMED AT ASSURING A BALANCED APPROACH TO MEAT AND DAIRY PROBLEMS AND AVOIDING ANY AGREEMENT ON SOLUTIONS DURING 1976. WE NOTE THAT NEW ZEALAND AND BRAZIL HAVE ALREADY NOTIFIED SHEEP AND BOVINE MEAT RESPECTIVELY UNDER THE QUOTE OTHER PRODUCTS UNQUOTE PROCEDURES AGREED TO BY U.S. AND EC IN DECEMBER. WE MAY WANT TO CONSIDER SIMILAR ACTION AS WAY OF BACKING INTO A NOTIFICATION/CONSULTATIONS PROCEDURE IN THESE TWO SUBGROUPS. THE EC HAS ALREADY COMMITTED PRIVATELY TO BILATERAL CONSULTATIONS WITH THE U.S. ON SUBGROUP PRODUCTS AND MIGHT BE AMENABLE TO THIS APPROACH TO IMPLEMENTING THE PROCEDURES ON SUBGROUP PRODUCTS.

7. DOMESTIC CONSIDERATIONS. THIS STRATEGY SHOULD BE DISCUSSED

IN DETAIL WITH THE APAC AND THE ATAC'S AT THE FEBRUARY MEETINGS.
IN PARTICULAR THE FOLLOWING POINTS SHOULD BE STRESSED:

(A) THIS STRATEGY IS DESIGNED TO PERMIT SUBSTANTIVE
DISCUSSIONS ON AGRICULTURE AND AVOID CONFRONTATION WITH THE
EC ON PROCEDURE.

(B) WORK IN THE FUNCTIONAL GROUPS ON TARIFFS, STANDARDS
AND SUBSIDIES WILL CONTINUE AND WILL IN OUR VIEW COVER AGRI-
CULTURE AS WELL AS INDUSTRY.

(C) THE NOTIFICATION/CONSULTATIONS PROCESS WILL
FACILITATE THE SUBSEQUENT REQUEST EXERCISE BY FOCUSING
DISCUSSIONS ON TRADE BARRIERS OF PARTICULAR INTEREST TO THE
U.S. AND SETTING THE PARAMETERS FOR THE NEGOTIATING STAGE.

(D) THE U.S. IS COMMITTED IN THE GRAINS AREA TO GIVING
SERIOUS CONSIDERATION TO ALL PROPOSALS WHICH ARE PUT FORWARD,
INCLUDING COMMODITY AGREEMENTS. WE WILL INSIST, HOWEVER, THAT
WORK PROCEED IN A BALANCED WAY WITH EQUAL CONSIDERATION OF
TRADE LIBERALIZATION IN GRAINS. OUR OPPOSITION TO THE
COMMODITY AGREEMENTS APPROACH TO GRAINS HAS BEEN CLEARLY
ENUNCIATED. CULBERT

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